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Managing 'Promise' for Competitive Marketing Advantage

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Abstract: Marketing theory is dealing with several Ps of marketing for more than half a century. Many academicians and practitioners have argued in favour as well as against of conventional marketing mix. However, not many have tried to find out the internal link that weaves these Ps of marketing mix to give the brand a sustainable competitive advantage. In this article, we have tried to promote the basic of all Ps, which is ‘promise’. It integrates every branch of brand effectiveness and creates a long term value.

Marketing schools of thoughts have come a long way through 4Ps of marketing. Product, price, place and promotion, as ingredients of marketing mix, have helped the practitioners until few years back to be in the market place and win a mind share of their consumers ((Grönroos, 2000; Vargo and Lusch, 2004). The objective of marketing mix was to help the managers to design a feasible plan that gives them satisfied level of profit in the business (Welch, 2004; Cassidy *et al.* 2005, McCarthy, 1960). This concept owned attention of several researchers and authors of the textbooks as well and advocated an unchallenged basic theory of marketing for quite long time. Though, the academicians and practitioners indisputably accepted marketing mix and 4P, definition and more precisely, domain of marketing kept on changing (Grönroos, 1999). Although these marketing variables are proposed as useful framework, a vigorous debate has taken place over last one and half decade about the dangers of seeing marketing solely as the control of 4 Ps. Traditional 4 Ps are criticized based on the restrictive nature of marketing mix and their naive application which can lead a firm to strategic pitfalls (Day and Montgomery, 1999). Although many action of an organization can be categorized using this traditional framework, it is silent about the role of strategic marketing and does not take into account consumer's perspective (Brown, 2005). In fact these traditional four elements of marketing mix foster a production orientation.

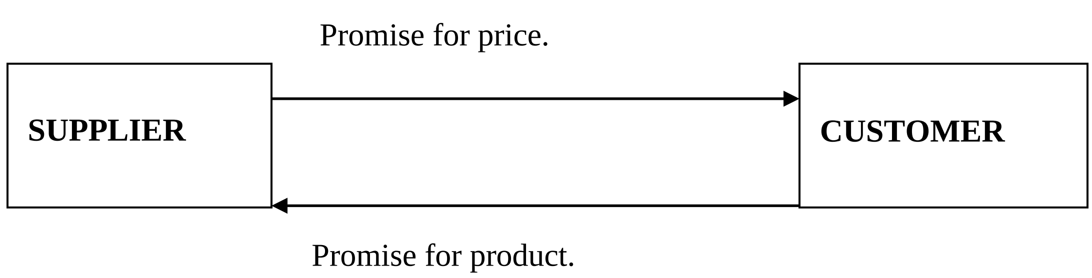
While previously the field of marketing concentrated more on 4 Ps of marketing, it has changed its focus and have come out with new realm of thought which tells about delivering customer value and maintaining customer relationships.

Promise – the new 'P' of marketing:

Marketers spent considerable time and money addressing the development and improvement of these 4 Ps and in the process, made their margin wafer thin. They hardly have any idea about the return on spending on a new product and any evidence that their promotion and advertising are working in the market place (Grönroos, 1999). There were no proof at all that every additional dollar spent in the distribution channel were doing anything more than decreasing inventory in the out let and increasing it in the transport or warehouse (Sheth and Uslay 2007)). Coke, Pepsi, Unilever, P&G and many others spent billions of dollars to develop, promote, advertise and launch a brand but to little effect ((Normann, 2001; Storbacka and Lehtinen, 2001). Role of marketing is losing its way and not being able to stand in this fast changing economy. Many companies are completely confused about the functions of marketing in contemporary market that will give relatively long term competitive advantage (Grönroos, 2000; Gummesson, 2002; Ravald and Grönroos, 1996). They think marketing is synonymous with some new product development, winning the price war, increasing advertising cost and some promotional tactics like offering some international trip scratch card with every purchase. Few others think that even supporting sales force with the product or dropping the product in consumer's doorstep is what marketing is all about (Wikström, 1996; Vandermerwe, 1996; Woodruff and Gardial, 1996). Senior executives and marketing managers have become obsessed to make their company more market centric trying to satisfy customers but often to no avail. All these companies are essentially focusing on four, seven or ten Ps of marketing. By this they are not only failing to win the competitive battle but also failing to retain their existing customers. This happen because all these companies essentially focus on to makes their marketing department customer centric (Sheth and Parvatiyar, 1995, Holbrook, 1994). Success in today's marketplace demands a commitment from the firm through its internal as well as external actions to deliver a value to its customers (Jüttner and Wehrli, 1994; Monroe, 1991). It is weaving then firm's entire set of activities and entities to create and deliver an exemplary promise to its customers. In an era of total competition, commitment to customer must also be total (Normann and Ramirez, 1993).

One particular question always has instigated the academician as well as a practitioner is why some companies are great and other's are not? Why some companies carries solid shareholder's value and others do not? Why these companies deliver superior customer value while its competitors do only average? Several researchers have given several thoughts. Porter has talked about cost and differentiation advantages, Prahlad spoke about core competency (Porter and Mimmer 1985, Hamel and Prahlad 1996; Grönroos, 2008). Then came efficiency of the firm and resource based approach. Some researchers have said customer orientation; some had said customer relationship and so forth (Peteraf M A 1993). A close observation of all these theories and view points boils down to one single concept that is winning companies always share one simple characteristic: the promise that they deliver to their customer. They are the ones that really do get their act together around the things that matter most to their customers – they make totally integrated promise of value to their customers.

It is equally important that the concept of marketing mix not to be seen in isolation. Its validity as a concept depends upon the context that this mix is designed. This means ensuring the marketing mix always done within the context of clearly defined exchange between the supplier and the customer (Dixon, 1990,). This exchange is done two tiers. In the first tier, product (benefit) is exchanged with the price (customer's sacrifice) and in the second tier, the promise that the supplier and customer make to each other (Vargo and Lusch, 2004). Supplier makes an explicit promise about the performance of the product up to certain time through warrantee. It also makes an implicit promise about satisfactory performance after the warrantee period. On the other hand customer makes an explicit promise by saying that she will pay for the product in case it is a credit purchase as well as makes an implicit promise to consider the supplier for her repeat purchase in case she is satisfied with the product (Christopher *et al.*, 1991).



Marketing is a promise to potential customers as to what to expect with regard to an offering. It is the implicit or explicit assurance that the customer gets while making transaction with the supplier (Grönroos, 1999; Gummesson, 2002). When seen as a part of strategic marketing activities, it is the attainment of a product value which is the objective of any marketing activity and to be reflected in the promises made to the customer. Promise is the primary function of any marketing transaction, by the way of developing and maintaining a long term relationships. It is not only the supplier who will make and keep the promise; it is reciprocated by the customer as well who promises for future relationship. Such relations are more powerful that that of traditional marketing mix and delivers a steady source of advantage to marketers.

While promise, this addition to 4P framework, is in nascent stage; it is going to reach up to universal appeal as a direction of marketing. It does include those aspects of external marketing that are crucial to success (Christopher *et al.*, 1991; Håkansson and Snehota, 1995). Promise is a result of market based action as judged by customer. It assumes an important role of marketing in attempting to attract customers or to gain some degree of influence over them (Grönroos, 1999; Gummesson, 2002).

However, simply making promises is not going to help the organization in long run. It needs to be adhered and reinforced. Strategies should be developed with a clear objective in mind aiming to change and maintain the behavior of consumers through making promise and adhere it (Webster, 1992 and Webster *et al.*, 2005). Promising and adherence will be achieved by putting appropriate emphasis on different aspect of the offering in an attempt to revise their perceptions (Gummesson 1991). While involvement of communication is inevitable to transmit the level of promise the organization makes; it is equally required to maintain consistency between product and price to gain an edge over others. The actual assessment of perceived value will depend on the extent of implicit and explicit promise the supplier makes to its customer and the degree of adherence by the way of minimizing the price (in terms of money, time, risk and effort) that are to be paid by the customers (Brown and Bitner, 2006). Customers will evaluate both implicit and explicit promises and their evaluation frame will depend upon their activity cycle and will be judged in the frame of previous experience with the supplier. High perceived value will act as strength existing in the mind of the customers (Eiglier and Langeard, 1976; Berry, 1981).

Promise can act as an alternative in making framework for marketing strategy. It is obvious, both in respect of making promise and adhere it up to a desired position, that the interactions with the customer play an important role to gain competitive advantage. Consideration of this element as part of marketing mix is a major lesson from the study of product and service performance. It is during the interaction with the customers when the 'promise' component of an offering becomes apparent. The perception created by the 'promise' experience is central to the customer evaluation of satisfaction (Dunne and Barnes, 2000; Ballantyne, 2003).

Impact of Competitors

Competitors have an important influence on how customers respond to the promise made by a supplier. Customers are in the position to decide between competitive offerings, hence importance of the question: 'Why should customer buy from us?' Established competitors often reflect changes in the environment, such as employing new technology, promising higher benefit or longer warrantee (Ojasalo, 2001). "What is the reason that Body Shop has such a success with environmentally friendly products when its major competitors were well established?" "How Canon won a mind boggling market share from Xerox whose strong presence made the product generic?"

In both the above example, there were significant difference in promise delivered by both new entrant – Body Shop and Canon. What was considered acceptable and affordable changed when competitors made new promises through new or modified alternative products and potential customers became aware about those promises.

Brand and Promise

As we have progressed into twenty-first century, the valuation of firms has continued to evolve (Kent, 1986). For past several years, however, the gap between market capitalization and net book value has increased to enormous proportion- driven largely by the reliability of soft assets. In this information economy, where customers can compare one brand with its competitor very easily and instantly, this trend is going to continue. Consumers place a value on brand based on the degree and quality of promise it makes to them. The ultimate value of brand depends critically on customer response to the intrinsic that it makes (Vargo and Lusch, 2008). Thus the value of brand promise is the value that an individual customer receives from a branded product or service over and above the value received from an unbranded product or service. Greater the differential of this value and the price between the branded and generic products more will be the customers' payment.

To manage the brand promise well, senior management must understand and respect the source of this individual value that exist in the mind of the consumers. When the brand is making promise much higher than that of its competitors and adhere it more than expectation, the brand becomes of their consumers. To customers, a brand is a collection of fulfilled promises that they hold about a product, service and company. These fulfilled promises embody value that together create an intrinsic promise of the experience that customers anticipate when they use the brand. Organizations to understand the perceptions and expectations associated with their brand and make the promise to serve those expectations.

The extent to which the brand promise is positive for substantial number of customers is the reflection of nurturing of trust developed through adherence of earlier promise. Anecdotal evidence suggests that, as with interpersonal trust, brand promise generally develops over time, but it is fragile. Unattended promise from managerial mishap can dissipate the long built trust. Many companies in recent years have become conscious in fulfilling their brand promise to hold on to new marketing warfare.

Conclusion

Promise is an essential element in present marketing world. It gives a brand sustainable differentiation in the marketplace. Promise starts from pre-consumption stage where it creates and manages expectation of consumers. During consumption, it ensures customer satisfaction and after consumption, promise is aimed to maintain or develop the relationship to ensure future purchase. The brand may not fulfill all needs of the customer, but it must deliver its promise and make clear what it does not deliver so that customers do not have hopes raised unrealistically.

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